

February 18, 2020

VIA ELECTRONIC FILING

Ms. Jocelyn G. Boyd
Chief Clerk and Administrator
The Public Service Commission of South Carolina
Synergy Business Park
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Docket No. 2020-____-G
Application of Piedmont Natural Gas Company, Inc.
For Authorization to Flow-Through Alternative Fuel
Tax Credits to CNG Retail Sales Customers

Dear Ms. Boyd:

Attached for filing in the above-referenced docket is the Application of Piedmont Natural Gas Company, Inc. for Authorization to Flow-Through Alternative Fuel Tax Credits to CNG Retail Sales Customers.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ Jasmine K. Gardner
Jasmine K. Gardner

JKG/sko

cc: Office of Regulatory Staff
Bruce Barkley
Pia Powers
James H. Jeffries IV

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2020-__-G

In the Matter of:)	
)	
Application of Piedmont Natural Gas)	
Company, Inc. for Authorization to)	APPLICATION
Flow-Through Alternative Fuel Tax)	
Credits to CNG Retail Sales Customers)	
)	

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”), through counsel and pursuant Rule 103-823 of the Rules and Regulations of the Public Service Commission of South Carolina (“Commission”), respectfully requests authorization from the Commission for the flow-through of certain Alternative Motor Vehicle Fuel Excise Tax Credits to its customers receiving compressed natural Gas (“CNG”) through a reduction in rates applicable to service under its Rate Schedule 242 and certain special contract fleet fueling agreements for the remainder of calendar year 2020. In support of this Application, Piedmont respectfully shows to the Commission the following:

1. It is respectfully requested that any notices or other communications with respect to this Petition be sent to:

Jasmine K. Gardner
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, NC 28202-2146
Telephone: 704-343-2262
jgardner@mcguirewoods.com

2. Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing and selling natural gas in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission.

3. Pursuant to its Commission-approved Rate Schedule 242 and Commission-approved special contract fleet fueling agreements, Piedmont offers CNG for sale to the public for use as a motor fuel at several locations within its South Carolina service territory. Sales of CNG at these facilities are conducted solely by credit card, and payment by customers is made at the time of sale. The CNG sold at these stations is delivered directly into the fuel tanks of the CNG vehicles involved in the sale, including a large number of fleet-type vehicles.

4. Pursuant to Section 4041 of the Internal Revenue Code, 26 U.S.C. § 4041, all retail sales of CNG for use as an alternative motor vehicle fuel are subject to an excise tax in the amount of \$0.183 per gallon of gasoline equivalent. Under Internal Revenue Service (“IRS”) regulations, Piedmont is responsible for collecting this tax from its CNG customers at the time of sale and remitting such taxes to the IRS.¹

5. On March 11, 2016, in Docket No. 2016-112-G, Piedmont filed an Application seeking authorization to flow-through certain alternative motor vehicle fuel excise tax credits in effect at that time to its customers receiving CNG service through a temporary reduction in rates applicable to service under its Rate Schedule 242 and Commission-approved special contract fleet fueling agreements for the remainder of

¹ See 26 C.F.R. § 48.4041-21(a)(2) (2020).

calendar year 2016 (“2016 Petition”). The Company’s request in its 2016 Petition was similar to the Company’s current request.

6. By order issued on March 23, 2016, the Commission-approved Piedmont’s 2016 Petition and authorized a temporary rate decrement to flow-through excise tax credits associated with the retail sale of CNG for motor fuel purposes under Piedmont’s Rate Schedule 242 and Commission-approved special contract fleet fueling agreements through December 31, 2016.

7. The authority to flow-through such tax credits through a rate decrement expired on December 31, 2016. On December 14, 2016, Piedmont filed a schedule reflecting the removal of the tax credit rate decrement effective January 1, 2017.

8. Pursuant to Public Law 116-94 (2019) and Section 6426 of the Internal Revenue Code, 26 U.S.C. § 6426, Congress recently extended a tax credit for all CNG sold at retail as an alternative motor vehicle fuel after December 31, 2017 through December 31, 2020. This credit is an offset to but does not replace or eliminate the excise tax obligations under Section 4041. The amount of the extended tax credit is \$0.50 per gallon of gasoline equivalent. Because this offset occurs in the form of a tax credit, the benefit will flow to Piedmont as the eligible taxpayer in the form of reduced tax obligations to the federal government if no further action is taken.

9. Therefore, Piedmont prefers that the credit generated as a result of sales to CNG customers be allocated to customers who are paying the alternative motor vehicle fuel excise tax and who, in Piedmont’s judgment, should more properly receive the benefit of the credit. Piedmont’s reasoning is that (i) the credit acts, in part, to offset specific excise tax liability for CNG motor fuel sales which is currently paid by

Piedmont's CNG sales customers, and (ii) the credit is also intended to encourage the use of CNG as an alternative motor vehicle fuel. Passing through this credit to Piedmont's CNG customers, as proposed herein (and in the 2016 Petition), will serve both these purposes.

10. In order to effectuate this flow-through of the alternative motor vehicle fuel excise tax credit to its CNG sales customers, Piedmont is proposing a temporary decrement in its rates under Rate Schedule 242 and for all retail sales of CNG for use as a motor vehicle fuel under special contract fleet fueling agreements from March 1, 2020 (or from the start of the calendar month immediately following the date of the Commission's decision in this proceeding) through the expiration date of the alternative motor vehicle fuel excise tax credit, which is December 31, 2020. This temporary rate decrement would be in the amount of \$0.50 per gallon of gasoline equivalent.

11. A schedule illustrating the impacts of Piedmont's proposal is attached hereto as Exhibit A and Piedmont's proposed Rates and Charges sheet reflecting this proposed credit is attached hereto as Exhibit B.

12. Piedmont submits that the relief requested herein is consistent with the public interest and promotes the expanded use of CNG as an alternative motor fuel.

13. Based on the foregoing, Piedmont respectfully requests Commission approval of the proposed reduction in its CNG rates under Rate Schedule 242, as well as under its Commission-approved special contract fleet fueling agreements, in order to allow for the flow-through of alternative motor vehicle fuel excise tax credits back to the customers who are paying those taxes and utilizing CNG as a motor fuel effective March

1, 2020 (or from the start of the calendar month immediately following the date of the Commission's decision in this proceeding) through the end of calendar year 2020.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission grant authorization for Piedmont to implement its proposal to flow-through the excise tax credits associated with the retail sale of CNG for motor fuel purposes as described above.

Respectfully submitted this 18th day of February, 2020.

Piedmont Natural Gas Company, Inc.

/s/ Jasmine K. Gardner
Jasmine K. Gardner (S.C. Bar # 102168)
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, NC 28202-2146
Telephone: 704-343-2262
jgardner@mcguirewoods.com

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

VERIFICATION

Pia Powers, being duly sworn, deposes and says that she is Managing Director
- Gas Rates & Regulatory of Piedmont Natural Gas Company, Inc., that as such, she
has read the foregoing documents and knows the contents thereof; that the same are
true of her own knowledge except as to those matters stated on information and belief
and as to those she believes them to be true.

Pia Powers
Pia Powers

Mecklenburg County, North Carolina
Signed and sworn to before me this day by Pia Powers

Date: February 18, 2020 Janet P. Cureton
Notary Public

(Official Seal)

My commission expires: March 1, 2020

JANET P CURETON
NOTARY PUBLIC
Mecklenburg County
State of North Carolina

Exhibit A

Piedmont Natural Gas Company, Inc.
South Carolina
Docket No. 2020-___-G, CNG Alternative Tax Credits Decrement

	(a)	(b)	(c)
	January 2020 Current <u>Billing Rates</u> ¹	CNG Alt Tax Credit <u>Change</u>	March 2020 Proposed <u>Billing Rates</u>
Rate Schedules:			
201 Residential Service			
Monthly Charge-winter	10.00	-	10.00
Monthly Charge-summer	8.00	-	8.00
Winter (Nov.-Mar.) per therm	0.79620	-	0.79620
Summer (Apr.-Oct.) per therm	0.74669	-	0.74669
202 Small General Service			
Monthly Charge	22.00	-	22.00
Winter (Nov.-Mar.) per therm	0.68858	-	0.68858
Summer (Apr.-Oct.) per therm	0.67634	-	0.67634
252 Medium General Service			
Monthly Charge	75.00	-	75.00
Winter (Nov.-Mar.) per therm	0.65263	-	0.65263
Summer (Apr.-Oct.) per therm	0.64039	-	0.64039
242 Natural Gas Vehicle Fuel Service			
Winter (Nov.-Mar.) per therm	0.54501	(0.39683)	0.14818
Summer (Apr.-Oct.) per therm	0.54501	(0.39683)	0.14818
Winter (Nov.-Mar.) per GGE ²	0.68671	(0.50000)	0.18671
Summer (Apr.-Oct.) per GGE ²	0.68671	(0.50000)	0.18671
243 Experimental Motor Vehicle Fuel Service			
Monthly Charge			
Winter (Nov.-Mar.)			
Summer (Apr.-Oct.)			
203 Large General Sales Service			
Monthly Charge	250.00	-	250.00
Billing Demand per therm	1.10000	-	1.10000
Winter (Nov.-Mar.) per therm			
First 15,000	0.44286	-	0.44286
Next 15,000	0.37715	-	0.37715
Next 75,000	0.32952	-	0.32952
Next 165,000	0.28238	-	0.28238
Next 330,000	0.23524	-	0.23524
Over 600,000	0.20667	-	0.20667
Summer (Apr.-Oct.) per therm			
First 15,000	0.36858	-	0.36858
Next 15,000	0.32145	-	0.32145
Next 75,000	0.29238	-	0.29238
Next 165,000	0.26381	-	0.26381
Next 330,000	0.23524	-	0.23524
Over 600,000	0.20667	-	0.20667
204 Interruptible Sales Service			
Monthly Charge	250.00	-	250.00
Winter (Nov.-Mar.) per therm			
First 15,000	0.47236	-	0.47236
Next 15,000	0.40665	-	0.40665
Next 75,000	0.36452	-	0.36452
Next 165,000	0.30818	-	0.30818
Next 330,000	0.26524	-	0.26524
Over 600,000	0.23167	-	0.23167
Summer (Apr.-Oct.) per therm			
First 15,000	0.39808	-	0.39808
Next 15,000	0.35095	-	0.35095
Next 75,000	0.32738	-	0.32738
Next 165,000	0.28961	-	0.28961
Next 330,000	0.26524	-	0.26524
Over 600,000	0.23167	-	0.23167
205 Outdoor Gas Light Service			
Per Fixture/Mo.	15.00	-	15.00

Piedmont Natural Gas Company, Inc.
South Carolina
Docket No. 2020-___-G, CNG Alternative Tax Credits Decrement

	(a)	(b)	(c)
	January 2020 Current <u>Billing Rates</u> ¹	CNG Alt Tax Credit <u>Change</u>	March 2020 Proposed <u>Billing Rates</u>
Rate Schedules:			
213 Large General Transportation Service			
Monthly Charge	250.00	-	250.00
Standby Demand per therm	0.45000	-	0.45000
Billing Demand per therm	0.85000	-	0.85000
Winter (Nov.-Mar.) per therm			
First 15,000	0.22236	-	0.22236
Next 15,000	0.15465	-	0.15465
Next 75,000	0.10952	-	0.10952
Next 165,000	0.06738	-	0.06738
Next 330,000	0.02824	-	0.02824
Over 600,000	0.00667	-	0.00667
Summer (Apr.-Oct.) per therm			
First 15,000	0.14808	-	0.14808
Next 15,000	0.09895	-	0.09895
Next 75,000	0.07238	-	0.07238
Next 165,000	0.04881	-	0.04881
Next 330,000	0.02824	-	0.02824
Over 600,000	0.00667	-	0.00667
214 Interruptible Transportation Service			
Monthly Charge	250.00	-	250.00
Winter (Nov.-Mar.) per therm			
First 15,000	0.23236	-	0.23236
Next 15,000	0.16665	-	0.16665
Next 75,000	0.12452	-	0.12452
Next 165,000	0.07208	-	0.07208
Next 330,000	0.03224	-	0.03224
Over 600,000	0.00667	-	0.00667
Summer (Apr.-Oct.) per therm			
First 15,000	0.15808	-	0.15808
Next 15,000	0.11095	-	0.11095
Next 75,000	0.08738	-	0.08738
Next 165,000	0.05351	-	0.05351
Next 330,000	0.03224	-	0.03224
Over 600,000	0.00667	-	0.00667

1/ The rates in Column (a) are the same as those shown in the Company's Etariff filing revision #E2020-2 (version 35).

2/ The rates convert 1.26 therms to 1 GGE.

Exhibit B

SOUTH CAROLINA RATES AND CHARGES

Residential and Commercial

Residential Service - Rate 201

Monthly Charge		Rate Per Therm	
November - March	\$ 10.00	November - March	\$ 0.79620
April - October	\$ 8.00	April - October	\$ 0.74669

Small General Service - Rate 202

Monthly Charge	\$ 22.00	Rate Per Therm	
		November - March	\$ 0.68858
		April - October	\$ 0.67634

Medium General Service - Rate 252

Monthly Charge	\$ 75.00	Rate Per Therm	
		November - March	\$ 0.65263
		April - October	\$ 0.64039

Natural Gas Vehicle Fuel Service - Rate 242

Rate Per Therm		Rate Per GGE **
November - March	\$ 0.14818 \$	0.18671 **
April - October	\$ 0.14818 \$	0.18671 **

Compression Charge of \$0.50 per therm (maximum)

Experimental Motor Vehicle Fuel Service - Rate 243

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Monthly Charge depends on the customer-specific corresponding Rate Schedule
Rate Per Therm depends on the customer-specific corresponding Rate Schedule
Compression Charge, if applicable, is \$0.50 per therm (maximum)

Outdoor Gaslight Service - Rate 205

Monthly Charge	\$ 15.00
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** The Company may bill in units of Gasoline Gallon Equivalent ("GGE") for gas service provided at the Company's Premises under Rate 242. The rates above convert 1.26 Therms to 1 GGE.

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SOUTH CAROLINA RATES AND CHARGES

Industrial

Large General Sales Service - Rate 203

Monthly Charge				\$	250.00
Demand Charge (monthly per peak day therm usage)				\$	1.10000
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
First 15,000	\$	0.44286	First 15,000	\$	0.36858
Next 15,000	\$	0.37715	Next 15,000	\$	0.32145
Next 75,000	\$	0.32952	Next 75,000	\$	0.29238
Next 165,000	\$	0.28238	Next 165,000	\$	0.26381
Next 330,000	\$	0.23524	Next 330,000	\$	0.23524
Over 600,000	\$	0.20667	Over 600,000	\$	0.20667

Interruptible Sales Service - Rate 204

Monthly Charge			\$	250.00
Rate Per Therm				
	<u>November - March</u>		<u>April - October</u>	
First 15,000	\$	0.47236	First 15,000	\$ 0.39808
Next 15,000	\$	0.40665	Next 15,000	\$ 0.35095
Next 75,000	\$	0.36452	Next 75,000	\$ 0.32738
Next 165,000	\$	0.30818	Next 165,000	\$ 0.28961
Next 330,000	\$	0.26524	Next 330,000	\$ 0.26524
Over 600,000	\$	0.23167	Over 600,000	\$ 0.23167

Large General Transportation Service - Rate 213

Monthly Charge				\$	250.00
Demand Charge (monthly per peak day therm usage)				\$	0.85000
Standby Sales Service Charge (monthly per peak day therm usage)				\$	0.45000
Rate Per Therm					
		<u>November - March</u>		<u>April - October</u>	
2020-___-G	First 15,000	\$	0.22236	First 15,000	\$ 0.14808
	Next 15,000	\$	0.15465	Next 15,000	\$ 0.09895
	Next 75,000	\$	0.10952	Next 75,000	\$ 0.07238
	Next 165,000	\$	0.06738	Next 165,000	\$ 0.04881
	Next 330,000	\$	0.02824	Next 330,000	\$ 0.02824
	Over 600,000	\$	0.00667	Over 600,000	\$ 0.00667

Interruptible Transportation Service - Rate 214

Monthly Charge				\$	250.00	
Rate Per Therm						
		<u>November - March</u>			<u>April - October</u>	
		First 15,000	\$	0.23236	First 15,000	\$ 0.15808
		Next 15,000	\$	0.16665	Next 15,000	\$ 0.11095
		Next 75,000	\$	0.12452	Next 75,000	\$ 0.08738
		Next 165,000	\$	0.07208	Next 165,000	\$ 0.05351
		Next 330,000	\$	0.03224	Next 330,000	\$ 0.03224
		Over 600,000	\$	0.00667	Over 600,000	\$ 0.00667
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SOUTH CAROLINA RATES AND CHARGES

Miscellaneous Fees And Charges

Schedule For Limiting And Curtailing Service - Rate 206

Emergency Service Rate Per Therm	\$ 1.00	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.
Unauthorized Over Run Penalty Per Therm	\$ 2.50	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.

Reconnect Fees

February Through August	\$ 40.00
September Through January	\$ 60.00

Returned Check Charge

Returned Check Charge	\$ 25.00
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Governmental Taxes and Fees

Customers shall also pay all applicable taxes, fees and assessments levied by governmental authorities having jurisdiction.

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